

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

DLOS-04 OFA-01 INT-05 EB-07 COME-00 TRSE-00 AGR-05

OES-03 FEA-01 OPIC-03 OMB-01 SAM-01 /089 W

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R 061329Z AUG 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3542

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION OECD PARIS

USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 12090

E.O. 11652: XGDS--

TAGS: EGEN, UK, /RG

SUBJECT: SCHMIDT-WILSON MEETING IN HAMBURG

REF: (A) BONN 12229, (B) BONN 12336

1. SUMMARY. FCO BRIEFING OF EMBOFF ON SCHMIDT-WILSON MEETING IN GENERAL CONFIRMS REFTEL REPORTS FROM BONN. ATMOSPHERE WAS CONGENIAL AND MEANDERING DISCUSSIONS LARGELY CENTERED ON VARIOUS ECONOMIC ISSUES WITH VERY LITTLE IN WAY OF HARD CONCLUSIONS ON FUTURE ACTION. END SUMMARY.

2. AFTER POSTPONING INITIAL SESSION TO REVIEW RESULTS
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OF HAMBURG MEETING, HEAD OF FCO INTERNAL INTEGRATION

DEPARTMENT FRETWELL GAVE US EXTENSIVE BRIEFING. FRETWELL HAD NO INFORMATION ON THE PRIVATE SCHMIDT-WILSON SESSION, BUT SUMMARIZED MEMCON OF MEETING WHICH INCLUDED FOREIGN MINISTERS. FRETWELL EMPHASIZED THAT ATMOSPHERE WAS WARM AND CONVERSATION "MEANDERED." WILSON AND SCHMIDT HAVE KNOWN EACH OTHER FOR SOME TIME AND DO NOT FEEL BOUND BY AGENDA WHEN THEY MEET. VIEWS EXPRESSED ARE OFTEN PERSONAL. FOR INSTANCE, FRETWELL COMMENTED THAT APPARENTLY WILSON SHOWED NO SIGNS OF HAVING READ THE POSITION PAPERS PREPARED FOR HIM. FOLLOWING IS REVIEW OF MATERIAL FRETWELL COVERED.

3. COMMUNITY FISHERLE- POLICY AND 200-MILE LIMIT. THESE SUBJECTS RAISED FIRST AND DISCUSSED MOST INTENSIVELY BY FRETWELL. HE SAID WILSON EXPRESSED INTEREST IN HAVING REAPPRAISAL MADE OF COMMUNITY POLICY, BUT FRETWELL HAD NO INDICATION THAT SCHMIDT WAS IN AGREEMENT. FRETWELL DESCRIBED EQUAL ACCESS PROVISIONS OF ROME TREATY AS NOT VERY MEANINGFUL SINCE THE NUMEROUS COUNTRY DEROGATIONS (BOTH 6 AND 12 MILE) HAVE REDUCED THE COMMON FISHING GROUNDS TO A SMALL AREA. UK IS WILLING TO ACCEPT PRINCIPLE OF EQUAL ACCESS, BUT SEEKS SUFFICIENT PROTECTION FOR SCOTTISH FISHERMEN CONCERNED WITH OVERFISHING. CALLAGHAN APPARENTLY NOTED THAT EXTENDING TO 200-MILE LIMIT WILL PRODUCE A NET GAIN FOR OTHER EC COUNTRIES, NOT THE UK. HMG MAY PROPOSE REAPPRAISAL OF FISHERIES POLICY IN CONTEXT OF EC AGRICULTURAL COUNCIL.

4. GENEDAL ECONOMIC SITUATION. FRETWELL REPORTED THAT GENERALLY SCHMIDT TOOK PESSIMISTIC AND WILSON AN OPTIMISTIC VIEW ON STATE OF WESTERN ECONOMIES. SCHMIDT BEMOANED FACT THAT FRG POPULATION IS SO SAVINGS ORIENTED -- "I CAN'T GET THEM TO SPEND." ON REFLATION, SCHMIDT REPORTEDLY MENTIONED FRG CONTEMPLATES A LARGE NEW PUBLIC EXPENDITURE PROGRAM THIS FALL. FRETWELL NOTED THAT PLANNED QUADRIPARTITE LUNCHEON DISCUSSION OF GENERAL ECONOMIC SITUATION WILL LIKELY UPSET SOME XGDS1

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COMMUNITY MEMBERS NOT INVITED. IN SUBSEQUENT CONVERSATION, FCO ASSISTANT UNDERSEC MICHAEL BUTLER TOLD US THAT AS RESULT OF DISCUSSION WITH WILSON, SCHMIDT NOW CONVINCED UK IS SERIOUS IN ITS INTENT TO REDUCE OWN RATE OF INFLATION.

5. IMPROVEMENT OF EC. AGREEMENT WAS REACHED THAT SOMETHING HAS TO BE DONE TO REDUCE THE COST OF THE CAF AND THIS LED TO GENERAL DISCUSSION OF FINANCIAL CONTROL IN COMMUNITY. BOTH SIDES AGREED TO EXCHANGE FURTHER THOUGHTS ON HOW TO APPLY SPENDING RESTRAINTS, PERHAPS AS NATIONAL GOVERNMENTS DO BY USE OF CEILING
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ON EXPENDITURES. SCHMIDT AND WILSON AGREED THAT COMMISSION HAS AN "INFLATIONARY MENTALITY" IN THAT

IT IS ALWAYS PUSHING FOR MORE TO DO. WILSON APPARENTLY SUGGESTED THAT EUROPEAN ASSEMBLY MIGHT HAVE A ROLE IN MONITORING EXPENDITURES.

6. PORTUGAL. NO CONCLUSIONS REACHED AT END OF GENERAL REVIEW OF SITUATION IN PORTUGAL, BUT IT WAS AGREED THAT /RG IN BETTER POSITION THAN UK TO INFLUENCE EVENTS. SOCIALIST LEADERS STOCKHOLM MEETING MIGHT PROVIDE OPPORTUNITIES FOR FURTHER CONTACTS WITH PORTUGAL.

7. SPAIN. GENERAL EXCHANGE WAS HELD ON POST-FRANCO ISSUES. AGAIN, IT WAS AGREED THAT FRG IS BETTER PLACED THAN UK TO ASSESS THE INTENTIONS OF SPANISH LEADERS.

8. ENERGY. MINIMUM SUPPOORT PRICE (MSP) CONCEPT FOR IMPORTED OIL WAS DISCUSSED. THERE WAS REPORTEDLY NOTHING NEW IN RESPECTIVE VIEWS ACCORDING TO FRETWELL WHO SAID "UK LEANS TOWARD AN MSP AND THE FRG LEANS AGAINST IT."

9. OFFSET. EMBOFF ASKED IF OFFSET ISSUE DISCUSSED. FRETWELL HAD NO INFORMATION ONE WAY OR THE OTHER.

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